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European Community Urged To Try Production Controls and Soil Bank

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AN EVALUATION o

New agricultural technology will have great impact on the world food situation—but it is not a magic wand that will solve all the problems of food-deficit countries. The United States and other major food exporters will continue to be called upon to help feed less-developed countries for a number of years.

By QUENTIN M. WEST
Director, Foreign Regional Analysis Division
Economic Research Service

ON of World Farm Gains and Food Problems

In most developing countries, production has been in a lagging chase after consumption for the past several years. Even the exceptionally large harvests of 1967 in Asia, the Middle East, and Latin America have not cured the situation. The problem is not lack of production growth but fast population expansion. Consumption has increased because of more people, higher incomes that can be spent on more and better food, and available food imports from developed countries that produce more than they need to feed themselves.

During the past decade, food production has increased at a slightly faster rate in the less-developed countries than in the developed countries. But the upward trend of food availability per person has been held down by the high rate of population growth. Annual population jump has reached 2.5 to 3 percent in many developing countries as improved medical services and food supplies have reduced death rates. An important aspect of the world food problem is to bring birth rates into a desirable balance with gains in food production. Over the past two decades, food production per person has increased in less-developed countries by an average annual rate of only one-third of 1 percent.

At the same time, the average annual gain in food consumption per person in the same group of countries has been almost one-half of 1 percent. The gap between production gains and consumption gains has been filled by increased food imports from the developed countries. For the past few years, the developing countries of the Free World have imported over 30 million tons of grain per year.

What have been the forces that have caused the present gap between production and consumption in emerging nations?

One cause of increased dependence on food imports is improving standards of living in developing countries. In general, developing countries have achieved an average increase in income per person of about 1 to 2 percent a year. However, more than 50 percent of the world's population still have annual incomes of less than $100 per person. At such low income levels, most expenditures are for food, and any increased buying power creates a demand for either more or better food. If additional supplies are not available, food prices go up; and the poorer people, whose ability to buy has not improved, can obtain even less food.

Because of the great importance of food prices to a large majority of the population in a developing country, sharp rises in food costs are likely to have political repercussions. Under such circumstances strong pressure exists to expand food imports. And with food aid available from the United States and other countries, this expansion has been possible without diverting scarce foreign exchange resources.

Another impact on food supplies in developing countries is the growing concentration of people in cities. Rapidly expanding urban populations make the distribution of food and the task of moving it from the producing to the consuming areas more difficult. To accomplish this task, incentives must be used to bring farmers into the commercial economy. Not only must there be an increase in food production, but marketing facilities must be built to transport, store, process, and distribute farm products. When such steps are not taken, urban centers have to rely on imports for much of their food supplies.

A third cause of gap between increase of food production and consumption in developing countries has been the availability of food aid. The United States, for example, has long shown a great concern for the hungry people of the world. Immediately after World War II, programs were instituted to supply food to war-torn areas of Europe. In the early 1950's, following a severe drought in India and Pakistan, special wheat loans were made to these countries. As farm surpluses began to build up in the United States an effort was made to dispose of them and at the same time give developing countries an opportunity to obtain agricultural products that their limited foreign exchange would not permit them to buy. In 1954 Congress enacted Public Law 480 to "increase the consumption of U.S. agricultural commodities in foreign countries."

Since that time, the United States has shipped over 135 million metric tons of wheat and about 40 million tons of other grains under this program. This tremendous excess food-production capacity on the part of the United States has made it possible for the less-developed countries to expand their consumption faster than production during the last decade.

The policy of the United States is to encourage and assist developing nations of the Free World to improve their own food production so that they will become less dependent on food aid. A very significant feature of the Food for Freedom program is the requirement of self-help efforts by food-receiving countries. Even so, food aid will probably continue to be needed for the next decade. But dependence on food aid should diminish as developing nations accelerate agricultural and economic growth. Eventually they should be able

either to produce or commercially import their food needs.

The picture that emerges of the food situation in developing countries is one of a long, hard fight to improve both agricultural production and distribution. Progress in the last decade has been slow and not sufficient to allay the fears of some that populations of economically emerging countries may outrun the agricultural ability of the developed countries to supply necessary supplementary food.

Although faster progress is needed among developing countries, there is no immediate likelihood of world food shortage. It is estimated that growth in production capacity in the developed world will be more than ample to meet the rising import needs of the less-developed world. In fact, even if the grain import requirements of developing countries doubled to 60 million tons per year, the developed countries would still have an excess production capacity of about 30 million tons.

New agricultural techniques will prod output in developing countries, but widespread application may encounter difficulties.

Developing nations have a growing awareness of the necessity of agricultural improvement. Until recently, many countries assumed that the road to economic growth was establishing industry, not revitalizing agriculture. The United States now places strong emphasis on agricultural development as a condition for food aid and has strengthened a trend among some governments toward greater self-help.

In the Middle East and some countries of Asia, new emphasis is being placed on manufacturing, importing, and selling fertilizers. In some countries fertilizer has become a leading import commodity. Fertilizer availability and use, however, is not the only indicator that a new climate for agricultural improvement has arrived in some less-developed countries.

Higher farm prices in emerging nations have made it possible and profitable for farmers to use better seeds, better cultivation tools, more irrigation, more agricultural chemicals, and a host of other modern inputs. High prices are partly the result of recent scarcity; but they are also due to a new realization by governments that prosperous farmers are the necessary underpinning of a vigorous and growing economy. In the past some governments had deliberately tried to hold down farm prices, which had the effect of making farm production and methods static.

The use of a specialized group of modern inputs in less-developed countries has been called the "new agricultural technology." In particular, it involves the use of new high-yielding varieties of wheat, rice, corn, and sorghum that are particularly responsive to applications of fertilizer. When given adequate water, fertilizer, and plant-protection chemicals, yields from the new varieties are often double those of the old. New strains of wheat and rice are of particular importance in Asia and have already been widely disseminated.

Production increase in less-developed countries due to use of the new varieties is hard to evaluate for several reasons. First, at the same time that new varieties have come into common use, weather has been good and undoubtedly has helped crop yields. Second, fertilizer consumption also rose sharply at the same time. Third, the total acreage of rice has increased, and rice production in southeast and southern Asia has trended upward the last 10 years at an average rate of 3 percent annually.

A rough estimate, based on very limited information, is that the new varieties will add about 7 percent to rice production in south and southeast Asia this year. While this is a major accomplishment, its impact is still much less than that of weather, which can cause a 15 to 25 percent fluctuation in crop yields from year to year.

For a number of reasons it seems unlikely that the new rice varieties will quickly spread beyond about 10 percent of the rice area—about 50 percent of the irrigated area—in south and southeast Asia. If this judgment is correct, then, in connection with the above estimate, it can be seen that the immediate potential is for another 7 percent increase from the new rice varieties. This will indeed be a great achievement—but it is hardly a complete solution to the grain problem of the less-developed countries.

Several factors will probably impede the program to expand plantings of the new varieties of rice and wheat.

First, most of the varieties are exotic to the regions where they are being introduced and, in time, will become susceptible to local diseases and insect damage. It is highly probable that new micro-organisms, previously unimportant, will become major causes of disease as field microclimates are altered by heavy fertilization and the dense plant population of the new varieties. Plant protection services, which require a high level of technical skill, need expansion in most of the less-developed countries.

Further, without large investments in irrigation facilities, the potential of high-yielding rice varieties will not be realized in Asia. The older (and most of the new) irrigation systems in this area were not designed to control the water level in individual fields but to provide a constant flow of water from upper to lower fields. Continuous flow results in loss of fertilizer and plant-protection chemicals. Many irrigation facilities provide only supplementary irrigation during the wet season and are therefore unsuitable to growing the new rice varieties. Only those farmers with reliable irrigation can afford the risk of the high cash costs of fertilizer and plant-protection chemicals required.

Because of the short growing season of the new grains, hopes have been raised of widespread multiple cropping. However, recent estimates of potential land for double cropping are less than 10 percent of the total rice area under existing irrigation in Asia.

In many areas lack of drying facilities for harvested rice may impede the spread of the new varieties, which mature during the last part of the wet season. If harvested rice is not dried, it rapidly spoils. In 1967 in the Philippines the new rice had to be sold at a discount because of a shortage of drying facilities and its inferior quality.

In other areas the new rice is considered inferior to traditional varieties in milling qualities and taste, and there may be some resistance to growing large amounts of it. As improved varieties are bred, however, these objections should be eliminated in a few years.

Another factor that may slow dissemination of the new wheat and rice varieties is that priorities given to agriculture

could weaken as the food crisis of the last few years abates. Farm prices could fall below those giving sufficient incentives to farmers to modernize their methods. Fertilizer availability may not keep pace with demand.

All these factors could slow the spread of the "new technology" and to some degree probably will. Therefore, we must not expect an agricultural revolution that will change the food situation of less-developed countries in the next few years. However, we can expect added locally grown food supplies. We must not expect that all countries will immediately adopt new agricultural methods on a large scale, or even that the present new methods are always suitable. But these technological developments in agriculture give hope that others may be devised in the near future that will further brighten the position of the food-deficit nations.

Two warning notes should be heeded. If population growth continues at present rates, demand for food will grow even faster as incomes rise, and food-deficit countries will become even more dependent on outside food sources. Second, if internal marketing and distribution institutions in such countries are not revamped, facilities may not be able to bring locally produced food to the people who most need it.

Trends in World Grain Production and Trade

Trends in long-term world grain and rice production and trade are of great importance to U.S. farmers and exporters and affect both farm income and the national economy. The United States has traditionally been the world's leading exporter in two out of three categories—wheat and coarse grains—and is now the chief exporter in the third—rice.

Wheat is one of the world's most important foods and is the most widely traded internationally. World exports have almost doubled in the past 10 years and reached 63 million metric tons in 1965-66. Since then they have decreased slightly. At present almost 25 percent of world wheat production is exported compared with less than 15 percent 10 years ago.

Several important developments have occurred during the past few years.

The Soviet Union's wheat crops appear to have improved from the level of the early 1960's. Instead of importing wheat (a temporary measure due to crop failures in 1963 and 1965) the USSR now seems to have returned to its traditional role as an exporter.

Wheat crops in India and Pakistan also appear to have risen to higher levels if based on the 1968 returns. These two countries imported 27 million metric tons of wheat between 1965-66 and 1967-68. Incoming grain shipments to India and Pakistan may decrease somewhat in the future, but they will continue to be large in all probability.

Mainland China has become a major importer of wheat. In the 7 years ending with the 1966-67 crop year, China acquired 34 million tons, mainly from Australia and Canada and some from Argentina and France. Evidence continues of wheat deficits in the large coastal cities of the north. Part of the reason for the upsurge in imports is that wheat is being substituted for high-priced rice, which can be exported at a profit.

Canada and Australia have increased production and trade because of the demand for wheat by the Soviet Union and Mainland China. As the market in the USSR has fallen off, stocks have been built up in Canada that now exceed those of the United States.

France has become a larger wheat exporter because of high wheat prices inside the European Economic Community (EEC) that give production incentives to farmers and because of restitution payments on exports. This system of payments has become costly to the EEC.

U.S. wheat exports rose from 18 million tons in 1960-61 to 24 million in 1965-66 but then fell to 21 million in 1967-68. Only 36 percent of U.S. wheat exports were commercial sales in the period 1959 to 1963; but in 1967-68, 47 percent of sales were commercial.

Rice is the staple food of approximately half the world's people, which rely on it for their daily calorie intake. Unlike wheat, however, very little of world rice production reaches export markets—only about 4 percent. Rice export volume is a little more than 10 percent of wheat export volume.

In the past few years rice prices have been increasing because of rising demand and static production. Even the substitution of wheat and other grains for rice imports did not reverse the trend.

But in 1967-68 the world rice harvest jumped almost 10 percent and reached record proportions in India, Pakistan, Japan, the Philippines, and the United States. Mainland China reportedly harvested a near-record crop substantially larger than the previous year. However, a poor harvest because of drought occurred in Thailand (the largest exporter in southeast Asia), and Burma also had a small crop.

Although the world crop increased sharply, exportable supplies were relatively small. The United States was the leading rice exporter in 1967-68 and shipped 1.9 million tons (milled), including about 1.1 million tons of commercial sales that went chiefly to South Korea and Western Europe. The bulk of government-financed shipments went to South Vietnam and Indonesia.

Coarse grain production is over 48 percent of the total world grain output. The other 52 percent is split about equally between rice and wheat. Use of coarse grains differs considerably between developed and developing countries. In developing nations about 65 percent of coarse grain output is used for human food; in developed countries only about 6 percent is consumed by humans—the rest is animal feed.

Production of coarse grains has increased about 25 percent in the past decade, and exports have more than doubled to reach almost 10 percent of output. The greatest increase in volume of exports has been in corn; but the biggest jump in percentage of exports has been in sorghum. The United States delivers 60 percent of all coarse grains traded; its nearest competitor, Argentina, exports less than 10 percent of the world total.

The chief buyers of coarse grains are the EEC countries plus the United Kingdom, Denmark, Spain, and Japan. Together, they imported three-fourths of the coarse grain sold on the world market in 1966-67.

—QUENTIN M. WEST
Director, Foreign Regional Analysis Division
Economic Research Service

Current trends in

World Trade in Hides and Skins

By DUGGER HARRIS
Livestock and Meat Products Division, FAS

Hides and skins have been an important animal byproduct since the days when they were clothing and shelter, tools and arms to many people. Today the exportation of hides and skins is a worldwide trade that provides a market worth about $127.5 million to U.S. producers.

The U.S. position

Prior to 1953 the United States was a net importer of all types of hides and skins. Nearly all goat skin needs are still met by imports, and the United States is still a net importer of sheep and lamb skins. But since 1953 the United States has emerged a net exporter in the largest category—bovine hides and skins. This change in position has been the result of expanded livestock production and slaughter, which has come about at the same time that synthetic materials have begun to loom large in the manufacture of shoes and other leather products.

During 1967 the United States exported approximately 18.4 million pieces of cattle hides and calf, kip, goat, sheep, and lamb skins to 55 countries. Cattle hide exports, representing 80.5 percent of the total, were valued at $102.6 million. Sheep and lamb skin exports, next in importance with 5.1 percent of exports, totaled about 4 million pieces valued at $6.5 million.

The United States continues to be the major producer of cattle hides. Production in 1967 rose to 35.4 million pieces, slightly above the 35.3 million produced in 1966. Output in 1968 is expected to approximate the 1967 level.

For sheep skins Australia in 1967 produced 35.3 million and New Zealand, 32.6 million. The United States, third-ranking world producer, produced 13 million pieces. Argentina, Russia, and Brazil hold the next three places; India also produces a large number of hides, mostly recovered from fallen animals.

The market for leather

Japan. The Japanese continue to be the world's leading hides importer, and the United States continues as its chief source of supply. Imports from the United States in 1966 comprised 74 percent of Japan's total imports of 328 million pounds, which were up 12 percent from the previous year. Australia and Canada supplied most of the remainder. U.S. shipments of hides and skins in 1967 to Japan totaled 240 million pounds—26.2 percent of U.S. exports and 75.5 percent of Japan's total imports of 318 million pounds.

Soviet Union. Hides and skins imports totaling 4.3 million pieces put the Soviet Union in the second-place import position in 1966. The United States supplied 56 percent of this total. Virtually all of the Soviet Union's imports are tanned and consumed domestically, and the current expansion in the Russian tanning industry reflects growing consumer demand for leather goods.

Italy. A close third to the USSR in the importation of cattle hides is Italy, which has been increasing its imports in recent years, as it becomes an increasingly important exporter of finished leather products. Italy's total imports in 1966 were 245.2 million pounds, 12 percent above the previous year and 85 percent above the 1956-60 average. At 311.3 million pounds, Italy's 1967 imports showed a 27-percent increase over those of 1966. Italy and Japan are the leading exporters of leather and leather footwear to the United States.

United Kingdom. Back in 1958 the United Kingdom was the world's largest importer of hides and skins, but recently it has imported only about 5 percent of total world imports.

Challenge to the leather industry

Leather produced from cattle hides and kip skins has not seen much increase in use during the past 10 years, despite the fact that shoe production has risen sharply. Leather for an estimated 603 million pairs of shoes was used in 1967 by the world's largest consumer, the United States, compared to 649.9 million in 1966. This represents a 7.3-percent decline in the production of leather footwear, which accounts for 85 percent of total U.S. consumption of hides and skins. Russia, a close second, produced and consumed 522 million pairs of footwear in 1967—15.5 percent less than U.S. consumption for the year.

Leather use in the United States has been under pressure from the increasing volume of imported finished shoes; but more importantly, from the growing use of synthetics.

The use of synthetics to replace leather by the shoe industry and related concerns has been increasing. In the United States this gain has been impressive, especially in the replacement of soles and, to an increasing extent, for uppers. Manufacturers have found that synthetic uppers and soles are each satisfactory, but the use of them together is not, since the manmade materials lack leather's "breathability." Using a completely synthetic shoe resembles wearing a plastic bag insofar as porosity, a must for comfortable footwear, is concerned.

For other countries, this competition exists, but to a lesser degree. For instance, in 1965 Japan produced an estimated 54 million pairs of partially synthetic footwear. In 1966, 53 million pairs were produced, showing an estimated 1-percent decline in the use of leather uppers. (Only about 20 million pairs of shoes are now made completely of leather in Japan annually.)

The leather industry is now facing a strong challenge—keeping leather products competitive in price with synthetics and superior in quality. Synthetic materials now account for about 22 percent of the footwear market in this country, and use is growing abroad. In its favor, leather has "breathability," especially important in the production of high-quality shoes, that synthetics cannot yet match. However, the manmade materials are rapidly establishing themselves as satisfactory, less-expensive components of shoes. Overall, rising populations and increasing incomes throughout the world are providing increased demand for shoes, which should result in a good market for both materials.

Production Controls and Soil Bank Urged for the EEC

By the end of this month the EEC Commission will submit to the Council of Ministers a document with comprehensive proposals for solving the problems of surpluses of grains and other farm products in the Common Market countries, according to the Commission's Vice President in Charge of Agriculture Dr. S. L. Mansholt. Dr. Mansholt announced the forthcoming document submission last month in Germany at the centennial of the Hamburg Commodity Exchange Grain Trade Association.

Main subjects discussed at the centennial were the growing surpluses of grains and other farm products and possible ways to reduce them. Leading speakers demanded drastic production controls and area diversion to a soil bank. It was emphasized that EEC policies should be modified—to stabilize markets, reduce costs to taxpayers, raise farm income, and make possible continuation of trade with third countries.

Speaking before a centennial meeting, Dr. Mansholt repeated his demand for more emphasis on reorganization of farm structures "since it has turned out that price policy has not achieved stabilization of markets for grain, sugar, milk, and other products." He summarized that stabilization of markets and a satisfactory farm price level can be achieved only after curbs on production, and with larger farm units and improvement in efficiency.

To solve the problem of farm surpluses in the EEC, he pointed out, the approach should be at the roots of the disequilibrium, that is, at the production stage. He demanded a more cautious price policy better adjusted to the developments. He warned of attempts—especially in the case of grains—to close existing deficits by larger production. This the EEC could not afford either economically or politically, he indicated, adding that agriculture should be given the chance to divert marginal areas into a soil bank.

According to Dr. Mansholt, the development of a completely new farm structure would cost several billion dollars a year. However, in contrast to the present policy without aims, the money would be appropriated for effective solutions. He admitted that there are no easy solutions.

Germany's largest grain importer, Alfred C. Toepfer, elaborated on Dr. Mansholt's general views. Mr. Toepfer, who is chairman of an association representing grain, oilseed, pulse, and fishmeal traders, suggested a reduction in EEC grain area of 5 million hectares (about 12.4 million acres). On the basis of an average yield of 3 metric tons per hectare (about 1.21 metric tons per acre) this would curb production by 15 million tons. Such a cut, said Mr. Toepfer, could be realized only by large-scale acreage diversion.

Mr. Toepfer pointed out that grain subsidies in 1967-68 had amounted to some $450 million. A premium of about $12.14 per acre—an assumed average rent—for diverted land would result in total costs of about $150 million. The large difference between this figure and actual subsidy costs would even allow higher premium payments to the farmers.

Mr. Toepfer suggested that—as in the United States—the diverted areas should be kept as production reserves and utilized only in exceptional cases. But, unlike the United States, the EEC should have no objections to use of the areas for fattening of cattle or sheep, which could provide the farmers with additional income. Also, development of recreational areas should be considered for certain mountainous regions and light soils. A quick realization of a uniform EEC currency was demanded by Mr. Toepfer, partly because of farmers' concern about a deutsche mark revaluation.

—Based on dispatch from ROLLAND E. ANDERSON, JR.
Assistant U.S. Agricultural Attaché, Bonn

Irish Farmers Demand Higher Support Prices for Milk

Ireland's two leading farmer organizations—the National Farmers' Association (NFA) and the Irish Creamery Milk Suppliers' Association (ICMSA) recently joined forces in a quest for an increase in the government's support price for manufacturing milk. The NFA wants an increase of 4 cents per imperial gallon; the ICMSA wants a 3-cent-a-gallon increase. (An imperial gallon is about one-fifth larger than a U.S. gallon.)

At present the government makes a direct payment of 7 cents per gallon of manufacturing milk delivered to creameries. In addition, a government program provides a bonus—currently 2 cents per gallon—for manufacturing milk attaining a designated quality; so far this year, approximately 70 percent of total creamery milk intake has received the bonus. The price of manufacturing milk is also supported through the Dairy Produce Board, a government-sponsored agency charged with exporting dairy products; the Board offers to purchase dairy products from creameries at designated prices. Losses incurred by the Board in exporting are recouped from: (1) an annual government grant that covers two-thirds of the losses, and (2) a levy charged on manufacturing milk delivered to creameries.

A raise in this levy on milk delivered to creameries last July 1—from 1.375 cents to 2 cents per gallon—sparked the present NFA–ICMSA demands. Both organizations claim a milk-support-price increase is necessary to compensate for the levy increase and cover the increased production costs.

It now appears as if milk production in Ireland during 1968 will be about 791 million imperial gallons, an increase of 6.7 percent over 1967 production. This forecast is based largely on the Dairy Produce Board's present projection of milk deliveries from creameries. The forecast includes 133 million gallons for fluid milk, 139 million gallons for use on farms, and 519 million gallons of creamery milk.

In January-June 1968, milk intake by Irish creameries was 11.6 percent higher than in the first half of 1967. Creamery butter production was up 13 percent, output of cheese up 12 percent, whole-milk powder output up 5 percent, and skim milk production up 11 percent. Chocolate crumb production declined fractionally.

A recent request by the British Government to all suppliers of cheese to the U.K. market to cut shipments by 10 percent was received coolly in Ireland, which last year supplied 16,000 long tons to that market.

—Based on dispatch from EUGENE T. RANSOM
U.S. Agricultural Attaché, Dublin

Uganda Keys 1971 Goals to Agribusiness

By CARY B. SINGLETON, JR.
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Uganda's development of a sound economic base—a problem facing all the developing countries of Africa—rests largely in the growth of its agriculture and related industries. With that in mind, Uganda has begun to work out its second 5-year plan (1966-71) attacking the major structural weakness of the economy—its dependence on the fluctuating world market prices for cotton and coffee.

Improvements in the agricultural sector are needed both on and off the farm. Farmers should diversify their crops from coffee and cotton to cash commodities such as livestock, tobacco, tea, and cocoa. There is a pressing need for the establishment and development of agribusiness enterprises to supply consumer products for the expanding domestic market.

Uganda very recently introduced a new sales tax that is expected to raise $14 million in 1969 from Ugandan consumers. Previously customs and excise duties were the main direct taxes on consumers. A tax with a base of 10 percent increasing to 20 percent of wholesale prices will be imposed on both local and imported commodities—from cigarettes, clothing, rice, and cheese, to automobiles and domestic electrical appliances. Some basic items not affected by the 10-percent tax are meat, milk, fresh vegetables, sugar, salt, cornmeal, and plantains. This new sales tax will provide necessary additional financing for the 5-year plan.

Broader export base

The drain on foreign exchange earnings should be reduced by expanded exports—primary products and manufactured goods—and a boost in output of consumer goods now imported. The multiplier effect of a broader export base would then expand and diversify the local supporting industries and services.

The landlocked country is mostly self-sufficient in agriculture and food needs. Largest single calorie contributor to the Ugandan diet is plantains (cooking bananas). Imports consist mostly of wheat, flour, and dairy products from Kenya—Uganda's largest supplier—shipping under agreements of the East African Community which Uganda joined in 1967.

The country has no serious land shortages at this time. Subsistence-type farming supports over 95 percent of the population, which is increasing at a rate of 2.5 percent annually. Agricultural activities account for about 60 percent of the gross domestic product (GDP) and 80 percent of total exports. In 1967 GDP was $756 million—$94 per capita for a population of about 8 million.

An important asset and a critical element in Uganda's growth has been the Owens Falls hydroelectric plant, which supplies over 95 percent of the country's electrical needs. Uganda has one of the greatest potentials for hydroelectric power development in Africa, since approximately one-half of the Nile River's descent from Lake Victoria to the Mediterranean occurs within its borders. Power from Owens Falls has made possible the development of a cement industry and cotton textile industry. Power availability also has allowed expansion and integration of cereal and feed milling and the growth of a brewing industry. The manufacturing of a number of consumer products has also benefited.

Sugarcane—a potential big cash earner for Uganda—is being hauled by tractor to the factory near Lugazi. Per acre yield on this sugar plantation generally is between 45 and 50 tons.

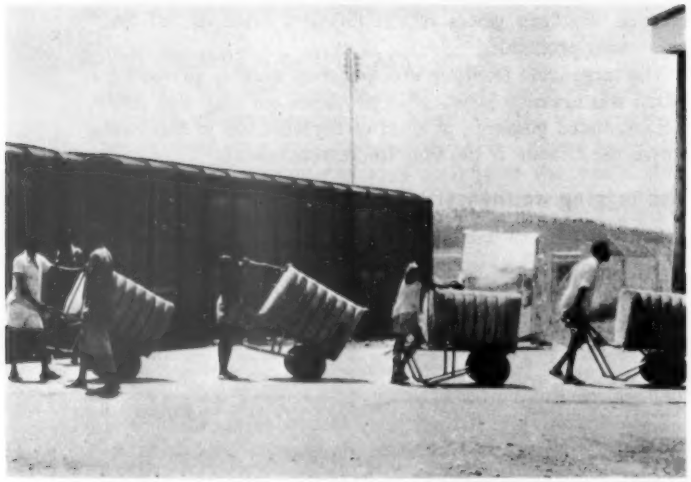
Total capital expenditures for Uganda's 5-year plan will reach $644 million by 1971. More than $400 million is expected to come from internal sources and the remainder from foreign grants and loans.

The 1966-67 plans for agriculture call for a minimum annual growth rate of 5 percent compared with the current 3 percent. Investments of $69 million are broken down as follows: crop production and livestock, $40.4 million; development of group farms, $12.0 million; tractor-hire services, $4.2 million; agricultural education and extension, $3.7 million; agricultural credit, $3.3 million; forestry, fishing, and hunting, $1.2 million; and miscellaneous services, $4.2 million.

Uganda hopes through these capital expenditures to increase and diversify agricultural output as shown.

UGANDA'S AGRICULTURAL PRODUCTION

Commodity	1966	1967	Target for 1971	Increase, 1971 over 1967
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*Percent*
Coffee	141	153	260	70
Cotton lint	60	66	103	56
Tea	11	10	19	90
Sugar	148	150	230	53
Peanuts, in shell	163	163	224	37
Tobacco	3	5	11	120
Meat	80	85	143	68
Milk	260	265	345	30
Hides and skins	5	5	7	40



Some of Uganda's cotton acreage is being replanted with tea. Above, cotton bales are trained into Nyanza, Ltd., textile mill. At top, tea harvest underway at Fort Portal.

Coffee is the biggest foreign exchange earner for Uganda, with the United States the major customer, mostly for Robusta types. Current coffee production is 153,000 tons, but existing new planted acreages may produce an estimated 260,000 tons by 1971. These will include plantings of new Robusta selections. Continuing coffee research will be directed toward improved quality and lower production costs, and investigations are underway for new markets in areas not covered by coffee quota restrictions. Uganda's current international coffee quota is 137,000 metric tons.

In the meantime, a rigorous program is going on in some old Robusta-coffee growing areas to substitute tea, cocoa, tobacco, vegetables, and dairy cattle.

Cotton is second in export value. Output in 1967 was 66,000 tons, and production targets for 1970 call for 103,000. Five major programs for cotton are in the works. These would improve cultural practices, incorporate wider use of fertilizers, and introduce high-yielding varieties. Programs would also stress the systematic use of pesticides and fungicides and the adoption of more modern cultivation techniques on the plantation.

Tea production in 1967 reached 10,000 tons valued at about $9 million; the target for 1970 calls for 19,000 tons. The Uganda Tea Development Authority plans to give high priority to the expansion of tea acreage from 4,000 acres now under cultivation to about 14,000 acres by 1971. Some $12 million will be allocated between 1966 and 1971 to construct farm-to-market roads and tea processing factories. Farm credit will be offered for purchases of tea plants, pesticides, insecticides, and fertilizers.

Sugar output will be expanded to supply Uganda's needs and for possible sales in the East African market. By 1975 sugar could be an important export earner for Uganda. At present two major sugar factories are operating; production in 1967 was a high of 150,000 tons and is expected to reach 230,000 in 4 years.

Livestock has substantial potential in Uganda, and a major effort is being made to develop this industry. A strong livestock industry and modern marketing system is important to Uganda as a means of providing work animals for plowing and adding protein to the diet of the people. During 1966 and 1967 beef and milk consumption in the country outran production of both. Meat output in 1967 was 85,000 tons; the target for 1971 is 105,000. Milk production last year hit 265,000 tons, 25,000 short of the 1971 target.

In 1966 Uganda had 3.7 million head of cattle, 2.1 million goats, and 850,000 sheep. About 70 percent of the cattle are short-horned Zebus and the remainder long-horned Ankole. Jerseys and Guernseys are gaining importance in the Bombo District. About 1,500 head of these and other more recently introduced dairy breeds are kept on plantations and government-operated farms. If herds are to improve, however, Ugandan farmers will have to control or eliminate the livestock diseases afflicting their animals—East Coast fever, rinderpest, and African sleeping sickness.

Overflow benefits

Uganda's agriculture will benefit in many ways from capital investments elsewhere. For example, expenditures for services and tourism could substantially increase the demand for high-quality foods. Funds earmarked for agribusiness investment and energy will aid in the expansion of agriculture. Investments in transportation, marketing, and distribution systems for Uganda's agribusiness products will help solve an existing agricultural marketing problem. The country also needs a secondary feeder road program to bring farm products to markets in local villages and cities.

Emphasis in the 5-year plan for agriculture is on education, production-incentive programs, and practical use of research in crop production and livestock farming. Work is already being done along these lines at Makere University in Kampala, which has long-established schools of agriculture and veterinary medicine, and at the Cotton Research Corporation stations in cooperation with the Ugandan Government.

Farmers are now being helped by credit extended through cooperatives, savings banks, and newly established agricultural credit facilities. At present over 1,400 cooperative societies and 340 credit organizations are in operation.

On a recent trip to Brazil the author talked with local officials and farmers and visited some cotton-growing areas. His conclusions are incorporated in the following article.

New Land and Methods Push Brazil's Cotton

By RICHARD S. MAGLEBY
Foreign Regional Analysis Division
Economic Research Service

In the just-completed cotton crop year, 1967-68, Brazil became Latin America's leading cotton grower and the fifth-largest producer in the world. It was outranked by only the USSR, the United States, Mainland China, and India, in that order; in turn, it outproduced such well-known cotton growers as Pakistan, Mexico, and the United Arab Republic. Brazil's 1967-68 crop was around 2.7 million bales (480 lb. net).

Brazil is an important cotton exporter as well as a grower and at present ranks sixth among world cotton sellers. However, a large cotton textile industry exists in Brazil, and much of Brazil's raw cotton is used in domestic mills.

Better-than-average yields contributed heavily to Brazil's record cotton crop in 1967-68. The national average was 231 pounds per acre. While this was low by international standards (the United States average was 447 lb., the Mexican average about 550 lb., and the worldwide average about 300 lb.), it must be remembered that Brazilian cotton is grown almost entirely on unirrigated land. Also, the average obscures the differences in yields in different areas. Some areas are productive; in others yields are low because of poor soil, poor seed, lack of rainfall, and inadequate care and cultivation.

In the next 10 years Brazil's cotton production will probably increase both because of better yields and of more acreage. Exports will also rise, but not as much as production. Much of the additional cotton grown in Brazil will be used in the domestic textile industry.

For the current crop year, 1968-69, increased acreage indicates a crop still larger than last year's—provided the weather is not adverse. Raw cotton exports are expected to approach the previous record of about 1.4 million bales. But Brazil's prospects for increased cotton crops do not apply equally to each and every part of the country and to all major cotton-growing areas.

The productive south

Two chief cotton-growing areas exist in Brazil—the south and the northeast. During the last decade about two-thirds of each year's crop has been produced in the south on about one-third of the total cotton crop area. In the 1967-68 crop year yields in the south averaged 400 pounds per acre, or over 13 percent more than the year before. In addition, area planted to cotton in the south was increased by a third. The combination of more acreage and high yields caused a production jump of over 50 percent in the south between crop years 1966-67 and 1967-68. In contrast, production in the northeast, which has a large acreage, was about the same as the previous year.

Increasing productivity in the south is the result of many influences. In general, the two States of São Paulo and Paraná have excellent climates for cotton culture—last year they were ideal. Because of an active pest-control program, insect damage has been minor. Early and heavy spraying this year eliminated most mites and pink bollworms, which are a menace in the area. The government has sponsored programs to disseminate improved and treated seed. Fertilizer is becoming more available and more widely used.

An overriding factor for the future is that southern Brazil seems to be on the edge of a fertilizer-use boom. One large fertilizer company is setting up distribution centers and mixing plants in most key agricultural areas to make fertilizers of different types and ratios readily available to farmers. Each center will have a trained person to take soil samples, make leaf analyses, and advise farmers. Other fertilizer companies, not intending to be left out of the market, are planning similar distribution centers. As domestic sales and production increase, fertilizer prices should fall and make use of fertilizer more profitable.

The large-scale fertilizer use that may develop in southern Brazil will not only increase cotton yields but may also stimulate expanded plantings in areas of depleted soil in São Paulo where the climate is the best for cotton raising.

The lagging northeast

Northeast Brazil is known for its perennial, or tree, cotton, which now makes up about 80 percent of the region's production. Tree cotton is popular because of its tap root system that allows it to survive on scant rainfall. Plantings of annual upland cotton, however, are expanding in areas where rainfall is adequate and are accounting for an increasing share of total plantings.

Cotton-growing in the northeast centers in the horn jutting into the Atlantic that includes the States of Ceará, Rio Grande do Norte, Paraiba, Pernambuco, Alagoas, and Sergipe. Average yields in this region are low because of poor soil, low rainfall, use of poor seed, growth in the same field

Three facets of the cotton industry in Brazil, from left to right. Ginning stands in operation at private gin. Man examining baled cotton ready for market. In foreground, bags of seed for future crops.

with other crops, little use of fertilizer or plant-protection chemicals, and traditional rather than modern cultivation practices.

Without remedying all these problems, yields could be increased by use of improved seed and closer planting of tree cotton (this can double the amount of cotton grown per acre). But these and other improved cultivation practices are being accepted slowly in the area. Most of the farmers are uneducated and familiar only with local agricultural methods.

Some improved seed for upland cotton is shipped into the northeast from São Paulo. But little or no control exists over the sale of seed. Cotton ginners mix varieties in ginning and thus mix types of seeds. Worst of all, many farmers have little idea of the quality of seed they are planting or why improved seed could be of benefit to them.

In spite of the slow progress in improving yields, cotton acreage in the northeast has been gradually climbing—chiefly because local farmers consider cotton a dependable cash crop. The Brazilian Government would like to encourage even faster expansion of cotton area, especially in large tracts where tree cotton is suitable. However, such tracts are sparsely populated, have few roads, and lack marketing and supply facilities. Few people of managerial caliber want to move into these undeveloped areas.

Brazil's potential cotton basin

The vast São Francisco River basin lies partly in both the south and the northeast cotton areas. It has only scattered areas of cultivation and is one of the driest places in Brazil (all rainfall is concentrated in 4 months of the year). But this seemingly unpromising area could become a major cotton-growing region. The river is reportedly larger than the Missouri and has enough water to irrigate about 7.5 million acres thought to have suitable location and soil.

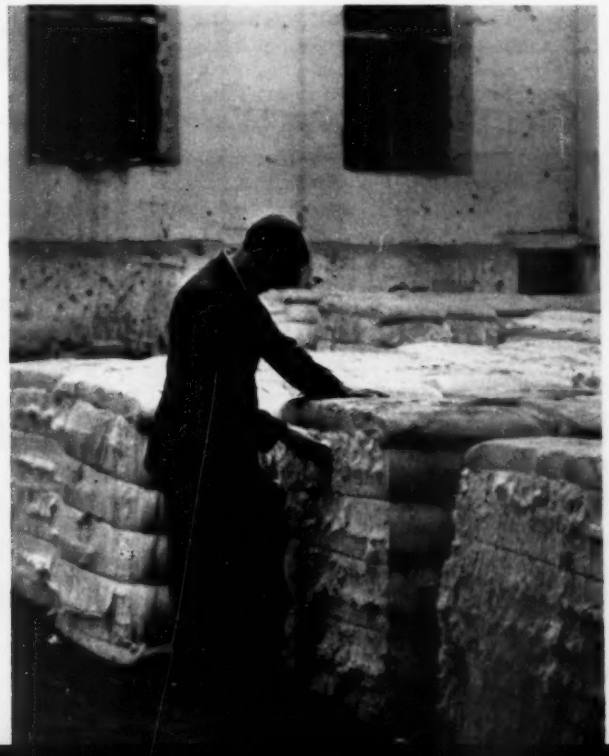
Small areas are under irrigation now, and experimentation with cotton on watered land indicates that the potential is great. Yields exceeding 800 pounds per acre have been obtained under primitive conditions and without fertilizer; even higher yields could be expected with modern cultivation and care. Several cotton varieties, including long staple, reportedly have been tried with success. In some areas, both a cotton and a bean crop are harvested from the same land during a year.

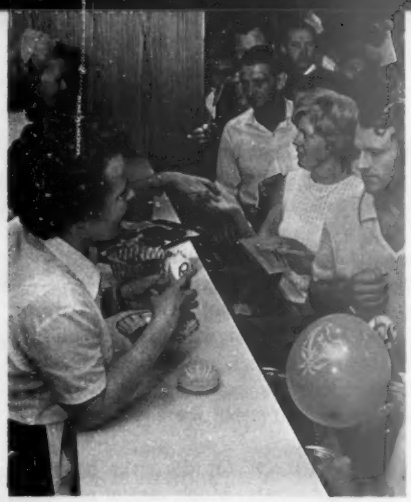
Although the long-term prospects for the river basin are bright, development will come slowly. Much capital is needed to construct extensive irrigation facilities—money that Brazil at present does not wish to allocate. For the moment, development efforts are being concentrated on several small irrigation projects.

The sleeping interior

In the interior of Brazil are huge reaches of land that might someday come under cotton cultivation. The potential of these areas is only now being assessed carefully. Some persons estimate that again as much land as is now farmed in Brazil (74 million acres) could be used agriculturally in the interior. If estimates are correct, Brazil has one of the largest cropland potentials in the world. (Other regions where great expansion could take place are Australia and central Africa.)

Some use of interior lands has already begun. But a number of problems are slowing development. Marketing and supplying facilities are almost totally lacking, and often roads are very poor. Also, much of the frontier land needs specialized modern cultivation and fertilization to make it productive. In some regions experimentation still needs to be done to find successful methods—especially for the "cerrado" soils. These leach quickly when the original brush cover is removed, and they require extensive and knowledgeable management to conserve and maintain their original fertility.





Top, Swedes enjoy reconstituted vacuum-dried fruit; above, they discuss pancake fixings. Right, German attention focuses on popcorn sample.

Below left, Irish mayor and mayoress (of Andrew Jackson family's town) taste snacks; right, cake testing in Belfast.

Europe Likes U.S. Processed Foods

"What's new in the U.S.A., and can we get it here?" seemed to be the attitude of European shoppers looking over displays of U.S. processed foods as the fall overseas promotion season got underway last month in Northern Ireland, Sweden, and Western Germany. The interested consumers shown on this page were looking for fresh ideas in food—new American products, or new ways to use those they were already familiar with.

The promotion in Northern Ireland, centering around the Ideal Home Exhibition in Belfast, included a generous sampling of typical American grocery-store items, which got a typically generous Irish welcome. Prominent were canned, packaged, and bottled fruits, juices, and vegetables; nuts, especially peanuts (plain and mixed with raisins) and almonds; snacks like popcorn, corn puffs, pretzels, and bacon crisps; a hundred or so spices and herbs; sauce and seasoning mixes; salad dressings; cake and frosting mixes; pancake syrups; and ice cream toppings.

As of closing day, the 10 participating Irish agents reported over-the-counter sales totaling nearly $10,000 and sales of new products nearly $900 more. The same buying pattern was repeated during simultaneous promotions of U.S. processed foods in leading Ulster stores. For example, SPAR (a supermarket organization also prominent elsewhere in Europe) reported its busiest trading weeks since last year's Christmas-shopping time. Many U.S. lines sold out and had to be reordered almost at once.

In Sweden, U.S. processed food promotion emphasized the testing of both familiar and new items through sampling and sales at St. Erik's Fair in Stockholm. The prosperous and sophisticated Swedes took special pleasure in novelties such as whipped toppings (both cream and vegetable oil); flavored syrups; vacuum-dried fruits (quickly reconstituted by adding water); cake mixes not yet on sale in the Swedish market; new salad dressings; and chilled roll and biscuit dough in cylindrical containers.

Fast movers too, however, were foods already represented by agents in Sweden —canned fruits and vegetables (especially green asparagus); a wide variety of fruit juices; various honeys; spices and seasonings; nuts; cocktail mixes; raisins and prunes; frozen main dishes; and Michigan navy beans (at the rate of 5,000 samples a day).

At three top restaurants, special American menus during the Fair included "Sunsweet prune souffle" and "California peach tart" (a gourmet confection of fine pastry, thin custard sauce, a cling peach half, and plenty of whipped cream).

In Western Germany, U.S. processed foods went on display as part of the U.S. exhibit at IKOFA, Munich's international food fair. German consumers, whose buying habits have indicated a growing interest in food products that incorporate "service" and preparation, showed the same trend to U.S. exhibitors. Housewives and their husbands flocked to the U.S. demonstration kitchen to see American ways with mixes for cakes, pancakes, and breads; salad dressings; and frozen foods (soups, main dishes, ice creams, and cakes).

Other items that drew attention were canned, dehydrated, and dried vegetables and fruits; fruit and vegetable juices; sauces, seasonings, spices, relishes, toppings, and spreads; and party items like fruits for mixes, salted nuts, snacks, glazed and brandied fruits.

And popcorn provided the usual drawing card with its hit-the-spot quality and on-the-spot preparation. Dietetic foods also won much interest throughout the Fair.

Expanded grain storage facilities at El Salvador's Port of Acajutla.

GPW To Aid Wheat Promotion in El Salvador

Getting underway this fall is a combined drive by Great Plains Wheat, Inc., FAS, and cooperating flour millers of El Salvador to step up Salvadoran wheat flour consumption.

The campaign, set to run through April 30, 1969, is aimed primarily at low-income and middle-income groups, whose customary diet is based on corn in the form of tortillas. Radio advertising to reach these groups will account for more than half the promotion costs. Announcements will be accompanied by a bread jingle with a *bossa nova* beat.

El Salvador gets all of its wheat by imports, mostly from the United States. The U.S. share of the market jumped from 52 percent in 1965 to 72 percent in 1966 and 82 percent in 1967, with Canadian Manitobas being largely displaced by U.S. Dark Northern Spring.

Famossa and Molsa—the two local mills spearheading the new drive—manage wheat storage facilities at El Salvador's Port of Acajutla through a separate company, ALCASA (Almacenadora Centroamericana, S.A.). This port channels all wheat imports into the country, besides transshipping some wheat into neighboring countries. Expansion of its elevator facilities this year will permit larger shipments and freight savings.

U.S. Wheat for Thai

The two flour sacks pictured at left illustrate Bangkok's United Flour Mill's recent switchover from Canadian to U.S. wheat in one of its important brands of flour. Business looks good for the United States, if the new label indicates a permanent preference for U.S. wheat.

The United Flour Mill now processes 220 tons daily and plans to have a second plant with a 150-ton daily capacity in operation by January 1970.

Demand for wheat is also growing in nearby Singapore, and consumption could treble in the next decade. Here too, mills are turning away from their Canadian wheat suppliers. The Prima Mill in Singapore now uses Dark Northern Spring wheat from the United States and Prime Hard wheat from Australia.

CROPS AND MARKETS SHORTS

Japan Expects Near-Record 1968 Rice Crop

Right now Japanese farmers are bringing in an estimated 14,295,000 metric tons of rice, a harvest second only in size to last year's 14,451,000-ton crop. The huge harvest comes at a time when the country's carryover rice stocks are at a record high of over 2.6 million tons. Conceivably stocks at the end of the 1968 rice year could push over the 4.5-million mark.

Japan's second large rice crop in a row resulted from increased acreage planted to rice and better than normal growing conditions in most areas. Also, widespread planting of higher yielding varieties and continued expansion of improved irrigation systems boosted output.

Domestic consumption of milled rice in 1967-68 for both food and industrial uses is estimated at 12 million tons, up slightly from last year's. The increase reflects population growth, however, and not gains in per capita intake. Individual rice consumption is actually down slightly from the 1965 level.

The Japanese Government's Food Agency is expected to buy about 10 million tons of the crop at a value of about $3.8 billion. Purchase price for the 1968 crop was set at about $383 per metric ton (brown basis), up almost 6 percent over the price for the 1967 crop. This boost pushed the consumer rice price up 8 percent, the fourth increase in as many years.

The Japanese Government is making available to producers some $16.2 million from the Food Control Special Account as an incentive for staggered rice deliveries. So the actual price for farmers who delay delivery of 1968-crop rice to the government will be up by 6.4 percent.

Japan's rice policy shows signs of a gradual decontrol of rice marketing. Beginning with this season's crop, the Japanese Government will stop buying inferior quality rice and promote its free transaction. The government bought about 120,000 tons of cracked and other low-grade rice in 1967. If this quantity of low-quality 1968 crop rice was channeled through the free market, it would reportedly reduce the government food control account deficit by about 2 percent.

Japan's imports of rice between November 1, 1967, and August 31, 1968, totaled 254,068 metric tons. About 109,000 tons were from Mainland China, 48,000 from Taiwan, 82,000 from Thailand, 15,000 from Burma, and 300 from the United States. In the 1968-69 rice year Japan probably will import only small quantities of broken and glutinous rice for industrial uses and no rice for food.

South Africa's Wheat Crop Meets Demand

For the first time, wheat production in South Africa, currently estimated at 1.27 million metric tons, exceeds domestic consumption. In fact, since domestic consumption is placed at a little over 1.18 million metric tons, the bumper crop provides a surplus approaching 91,000 metric tons. To provide sufficient storage the Wheat Board has let its normal carryover run down by about 90,000 metric tons so it is unlikely that any wheat will be exported.

The record crop was due to an increase in land planted to wheat and to good weather. Farmers in the Transvaal and Free State, whose early corn plantings had been destroyed by drought, planted winter wheat in an effort to make up at least part of their losses. Then came unusually good and timely late summer and fall rains.

Demand for wheat products has increased about 20 percent in the last 5 years, and bakers and millers are reportedly asking for higher returns. If the increase they want is approved, the government will have to decide whether to increase the price of bread, the bread subsidy, or both. The bread subsidy now amounts to over US$28 million a year, and the government is reluctant to increase it.

Weekly Report on Rotterdam Grain Prices

Between October 8 and October 15, 1968, changes in offer prices were mixed in Rotterdam. U.S. Spring increased by 2 cents, while Soft Red Winter and Argentine wheat decreased 2 cents and U.S. Hard Winter was down 1 cent. Canadian Manitoba remained unchanged. USSR 121 was quoted for the first time since late August and was down 3 cents from the last offer.

The price for U.S. corn increased 5 cents, while that of Argentine corn dropped 4 cents. South African White was not quoted.

A listing of the prices follows.

Item	Oct. 15	Oct. 8	A year ago
	Dol. per bu.	*Dol. per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	2.04	2.04	2.13
USSR 121	1.96	(1)	2.04
U.S. No. 2 Dark Northern Spring, 14 percent	1.97	1.95	1.99
U.S. No. 2 Hard Winter, 14 percent	1.95	1.96	1.97
Argentine	1.75	1.77	(1)
U.S. No. 2 Soft Red Winter	1.74	1.76	1.79
Corn:			
U.S. No. 3 Yellow	1.21	1.16	1.37
Argentine Plate	1.34	1.38	1.76
South African White	(1)	(1)	(1)

1 Not quoted.
All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

Drought Reduces Brazil's Wheat Prospects

A long-term dry spell in southern South America has reportedly reduced Brazil's wheat production prospects by 30 percent. Although there has recently been substantial rainfall in the wheat-growing States of Rio Grande do Sul, Santa Catarina, and Paraná, much of the 1968-69 crop was too far gone for recovery. Output will probably reach about 350,000 metric tons, down sharply from the relatively optimistic official forecast of as much as 500,000-600,000 tons.

This compares with the recent 5-year average annual output of 258,000 metric tons—an amount which has supplied roughly 15 percent of Brazil's annual consumption.

Much effort is currently being expended to improve Brazil's wheat production. In 1966-67, one Brazilian wheat farm, on which wheat is grown in rotation with soybeans, got yields as high as 6.67 metric tons per acre. (Average yields were 2.57 metric tons per acre in Paraná, 2.1 metric tons in Rio Grande do Sul, and 2 metric tons in Santa Catarina.) This year a cooperative in Paraná with 37,000 acres in wheat which had expected a record yield of 3.7 metric tons per acre for the 1968-69 crop has taken a 25-percent loss so far.

August U.S. Tobacco Imports Hit 1968 Low

August general imports (arrivals) of unmanufactured tobacco reached the lowest volume of the year—5.6 million pounds, valued at $2.6 million. In August 1967 arrivals were 3.5 million pounds for a value of $1.6 million.

For the year to date, total arrivals in 1968 are only slightly above those of 1967. The composition of general imports, however, has changed. Categories that have shown large increases in 1968 are: Cigarette leaf (flue and burley), scrap, unstemmed, cigar filler, and cigar wrapper. Arrivals of oriental tobacco were down by approximately 15 percent.

U.S. GENERAL IMPORTS OF UNMANUFACTURED TOBACCO

Item	1967		1968	
	Quantity	Value	Quantity	Value
January-August:	*1,000 pounds*	*1,000 dollars*	*1,000 pounds*	*1,000 dollars*
Cigarette leaf (flue & burley)	625	192	7,373	2,209
Cigarette leaf, other	160,606	109,566	135,990	92,006
Cigar wrapper	195	909	316	1,273
Mixed filler & wrapper	389	795	114	590
Cigar filler, unstemmed	14,182	4,768	23,359	7,359
Cigar filler, stemmed	1,670	1,873	2,234	2,809
Scrap	12,078	2,493	21,507	5,323
Total [1]	189,745	120,596	190,893	111,569
August:				
Cigarette leaf (flue & burley)	41	22	109	33
Cigarette leaf, other	632	448	760	573
Cigar wrapper	(2)	(2)	32	92
Mixed filler & wrapper	4	10	44	200
Cigar filler, unstemmed	1,288	369	2,202	743
Cigar filler, stemmed	278	351	195	268
Scrap	1,286	432	2,249	736
Total [1]	3,529	1,632	5,591	2,645

[1] Excludes stems. [2] Less than 500.
Bureau of the Census.

France Produces Good Walnut Crop

The 1968 French commercial walnut crop is forecast at 30,000 short tons in-shell basis. If the forecast proves accurate, the crop will be 20 percent above the 1967 harvest of 25,000 tons and 3 percent above average. Quality, however, is reported to be only fair, as disease damage and unfilled nuts were more evident than usual. Sizes are said to be in the 27-30 millimeter range.

French exports for the 1967-68 marketing year, ended September 30, are estimated at only 12,000 tons in-shell basis, compared with 17,100 the year before and 1962-66 average exports of 15,600. A sharp drop in sales of in-shell nuts to West Germany (the main buyer of French walnuts) was responsible for nearly all of the decline in exports. The United Kingdom was, as usual, the main destination for the kernel exports.

FRANCE'S COMMERCIAL WALNUT SUPPLY AND DISTRIBUTION

Item	Average 1962-66	1966-67	1967-68	Forecast 1968-69
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Beginning stocks (Oct. 1)	—	—	—	—
Production	29.1	33.0	25.0	30.0
Imports	1.1	0.5	2.0	1.0
Total supply	30.2	33.5	27.0	31.0
Exports	15.6	17.1	12.0	15.0
Domestic disappearance	14.6	16.4	15.0	16.0
Ending stocks (Sept. 30)	—	—	—	—
Total distribution	30.2	33.5	27.0	31.0

Germany Announces Lettuce Import Tender

For the first time the West German Government has issued an import tender for iceberg lettuce. The tender contains no limitations on value or quantity of these imports. Applications for import licenses will be accepted until November 13, 1968. The imported product must meet the requirements of EEC quality Class II and the general plant quarantine regulations. The import duty will amount to 15 percent ad valorem. The market for U.S. iceberg lettuce in Germany during the winter period is considered promising. Should the U.S. lettuce sell well, a regular demand might develop.

Cotton Production Increases in Greece

The 1968-69 cotton crop in Greece is officially estimated at around 450,000 bales (480 lb. net), compared with 441,000 harvested last year and a 1960-64 average of 377,000. If reached, this will about equal the record high production in 1961-62. The increase in production this year is attributed mainly to larger acreage. Acreage this season is estimated at 350,000 acres, against 340,000 in the 1967-68 season. Over 90 percent of the total planted area is under irrigation. About three-fourths of the total 1968 cotton area is planted to the new variety 4S, replacing Coker 100W.

Average yield is below the 1967 level, despite expansion of the irrigated area. This is due primarily to a bollworm attack, which began on a limited scale in various parts of the country in early June and spread over the entire country. Although chemical pesticides were used extensively, damage is roughly estimated as high as 15-20 percent in some areas.

Exports of raw cotton during 1967-68 totaled about 304,000 bales, 37 percent above 1966-67 shipments and also the largest in Greek history. The previous record high was 302,000 bales during the 1961-62 season. Exports to major destinations during the 1967-68 marketing year, with figures in parentheses for the same period in 1966-67, were: Yugoslavia 49,000 bales (60,000), Italy 35,000 (13,000), USSR 23,000 (40,000), Portugal 23,000 (7,000), and Hungary 22,000 (29,000). About 34 percent of the exports went to Communist countries down from 58 percent in 1966-67.

Imports of raw cotton in 1967-68 totaled about 45,000 bales, a decrease of 9,000 from the previous year. The major suppliers of cotton to Greece in the 1967-68 season with quantities supplied (1966-67 figures in parentheses)

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were: Egypt 25,000 bales (25,000), the United States 15,000 (2,000), and Turkey 5,000 (22,000).

Cotton consumption by the domestic textile industry during the 1967-68 year amounted to around 200,000 bales, down about 5,000 from the preceding season. It was the first time in 7 years that consumption decreased. The decline is largely due to the reduction in exports of cotton goods.

Corrections: October 14, 1968, page 15, first sentence of *Greece Sets Special Sultana Support Levy* should read *0.45 cent*, not *45 cents*.

October 21, 1968, page 8, *Japan's Meat Import Quotas*, line 8, should read 60-62 US cents per pound and line 9 should read 49 cents.

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FAO Reviews Worldwide Food Production

World food production was 3 percent higher in 1967 than in 1966—but the increase was not uniform in all parts of the globe and a few sections had setbacks rather than advances. The details of agricultural gains and declines are given in the latest annual report of the Food and Agriculture Organization of the United Nations (FAO), entitled *The State of Food and Agriculture—1968*.

In general, the greatest strides were made in developing regions. In both Africa and the Far East (excluding Mainland China) food production rose about 6 percent; in Latin America the increase was about 5 percent; and in the Near East, output was up 4 percent. In all these areas the jump in cereal crops was particularly marked. According to FAO estimates, food production in China may have fallen slightly in 1966 but was sharply up in 1967.

In developed regions the picture was uneven. Food output increased about 6 percent in Western Europe and about 3 percent in North America; in both regions (except in Canada) grain crops were up from the year before. In Eastern Europe and the USSR production fell slightly. In Australia drought decreased 1967's food yield considerably from the record 1966 level. Grain crops were particularly hard hit, though livestock also suffered.

Output of individual food commodities in 1967 showed only moderate changes from 1966. Total production increase was due chiefly to larger grain crops. Rice yield rose 12 percent, corn 10 percent, and barley 5 percent. In contrast, wheat production, though it was the largest of any year but 1966, fell 5 percent. Oats continued a long-term downward trend and dropped 4 percent. The biggest jump forward for any single food crop was in peanuts—up 14 percent. Total output of vegetable oils and oilseeds had almost no change from the preceding year, though soybean production again increased. For fruits, the apple crop was up 6 percent, but citrus fell 9 percent. World meat production was up about 4 percent; the increase was strongest for pork and poultry meat and weakest for mutton and lamb. Increases were in developed countries or those with planned economies. Milk output rose about 2 percent. Fish catches continued their recent trend and were up 5 percent.

Other subjects to which considerable attention is given in the FAO annual publication are: Changes in agricultural stocks, economic activity and the demand for farm products in developed and developing countries, food supplies and consumption (especially in emerging nations), the downward trend in international trade of agricultural products and its effects on countries that depend heavily on exports of raw agricultural goods for earnings, the greater availability of production requisites, world farm prices and income levels, agricultural policies and development plans, achievements and programs increasing farm productivity through technological improvement, and the role of better storage in contributing to world food supplies.

The State of Food and Agriculture—1968 can be obtained in the United States from Columbia University Press, International Documents Service, 136 South Broadway, Irvington on Hudson, New York 10533. Requests for this and other FAO publications may also be sent to the Distribution and Sales Section, Food and Agriculture Organization of the United Nations, Via delle Terme di Caracalla, 00100 Rome.

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